

Message Text

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ORIGIN AF-10

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TO AMEMBASSY MONROVIA

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E.O. 11652: N/A

TAGS: ENRG, EINV, LI

SUBJECT: LIBERIA REFINING COMPANY (LRC)

REF: MONROVIA 1465 AND PREVIOUS

1. DAVID L. REICHARDT, DYNALECTRON GENERAL COUNSEL, TELEPHONED AF/W ON MARCH 10 TO BRIEF DEPARTMENT ON CURRENT STATUS OF LIBERIA REFINING COMPANY (LRC) DISCUSSIONS WITH DEPUTY FINANCE MINISTER PADMORE IN NEW YORK CITY EARLIER THIS WEEK. AT PRESENT DISCUSSIONS ARE AGAIN STYMIED, BUT REICHARDT IS HOPEFUL THAT THEY MAY RESUME AGAIN THIS WEEKEND.

2. REICHARDT STATED THAT DYNALECTRON IS PREPARED TO NEGOTIATE A COMPROMISE IN WHICH ITS U.S. STOCKHOLDERS WOULD GIVE UP \$0.5 TO \$1.0 MILLION IN THE FINAL SETTLEMENT.

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HOWEVER, PADMORE PRESENTLY DOES NOT HAVE AUTHORIZATION FROM THE GOL TO NEGOTIATE, AND DYNALECTRON WILL ONLY DISCUSS A COMPROMISE AGREEMENT WITH AN AUTHORIZED GOL OFFICIAL. PADMORE IS PRESENTLY TRYING TO OBTAIN AUTHORIZATION, AND NEGOTIATIONS COULD RESUME THIS WEEKEND. PADMORE IS SCHEDULED TO LEAVE FOR LONDON NEXT WEEK.

3. DYNALECTRON IS ALSO CONCERNED THAT SUN DECLINED TO

ATTEND THE LAST MEETING WITH PADMORE THIS WEEK. DYNALECTRON HAS FORMALLY ASKED SUN WHETHER IT WILL JOIN IN THE PROPOSED NEGOTIATIONS, AND HOPES TO ENLIST ITS CONTINUED ACTIVE SUPPORT. FYI: IN AN EARLIER CONVERSATION, REICHARDT STATED THAT SUN IS LOSING INTEREST IN FURTHER NEGOTIATIONS AND MAY "EAT" THE DIFFERENCE IN ITS TAX WRITE-OFF.

4. IN A MEETING WITH THE AF/W DIRECTOR ON FEBRUARY 28, REICHARDT AND CHARLES GULLEDGE, DYNALECTRON'S PRESIDENT AND CHIEF EXECUTIVE OFFICER, STATED THAT IF NEGOTIATIONS FAIL DYNALECTRON WOULD CONSIDER LITIGATION WITH THE INTENT OF ATTACHING LIBERIAN BANK HOLDINGS IN THE UNITED STATES. THE LEGAL ASPECTS ARE COMPLICATED AND THEY ADMITTED COMPANY MAY HAVE TROUBLE FINDING A COURT TO ACCEPT THE CASE. HOWEVER, IT HAS BEEN ADVISED BY ITS COUNSEL, WILLIAM HAGGERTY OF CAHILL AND RENDELL, THAT THIS CAN BE DONE. DYNALECTRON WILL NOT DROP ITS EXPROPRIATION CLAIMS WITH LLOYDS, BUT MAY ALSO BE REQUIRED TO BRING SUIT AGAINST LLOYDS TO GAIN ITS PARTICIPATION IN SETTling THE LRC DISPUTE.

5. REICHARDT FEELS THAT WITH THE PROPER AUTHORIZATION, HE AND PADMORE COULD PROBABLY REACH A SUITABLE COMPROMISE LIMITED OFFICIAL USE

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AGREEMENT THIS WEEKEND. HE IS GREATLY CONCERNED THAT THE DISCUSSIONS WILL CONTINUE TO DRAG ON.

6. AT YOUR DISCRETION YOU MAY CONTACT THE APPROPRIATE LIBERIAN AUTHORITIES TO DISCUSS THE DESIRABILITY OF CONCLUDING A MUTUALLY ACCEPTABLE AGREEMENT WITH THE AMERICAN FIRMS. IN THIS CASE, THE LIBERIANS SHOULD BE INFORMED OF OUR SINCERE HOPE THAT THIS OUTSTANDING DISPUTE COULD BE RESOLVED BEFORE THE PRESIDENT'S VISIT TO MONROVIA TAKES PLACE.

7. REICHARDT HAS MAILED THE DEPARTMENT A SUMMARY DESCRIPTION OF THE DISCUSSIONS UP TO MARCH 2, AND COPIES OF THE DRAFT SALE AND PURCHASE AGREEMENT AND THE COOPERS & LYBRAND REPORT ON LRC. DEPARTMENT HAS POUCHED COPIES OF THESE DOCUMENTS TO ECONOMIC/COMMERCIAL COUNSELOR.

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